

Christopher Celentino (131688)
Yosina M. Lissebeck (State Bar No. 201654)
Christopher B. Ghio (State Bar No. 259094)
DINSMORE & SHOHL LLP
655 West Broadway, Suite 800
San Diego, CA 92101
Telephone: 619.400.0500
Facsimile: 619.400.0501
christopher.celentino@dinsmore.com
yosina.lissebeck@dinsmore.com
christopher.ghio@dinsmore.com

Tyler Powell (Ky. Bar No. 90520 – Admitted pro hac vice)
DINSMORE & SHOHL, LLP
100 West Main Street, Suite 900
Lexington, KY 40507
Telephone: 859-425-1056
Facsimile: 859-425-1099
tyler.powell@dinsmore.com

Special Counsel to Richard A. Marshack,
Trustee of the LPG Liquidation Trust

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

The Litigation Practice Group P.C.,

Debtor.

Chapter 11

Case No. 8:23-bk-10571-SC
Adv No. 8:25-ap-____-SC

COMPLAINT FOR:

Richard A. Marshack, Trustee of the LPG
Liquidation Trust,

Plaintiff,

v.

Legacy Financial Strategies & Insurance
Services, Inc., a California corporation; Salvador
Robles, a California resident,

Defendant.

**(1) AVOIDANCE, RECOVERY, AND
PRESERVATION OF TRANSFERS MADE
WITHIN THE NINETY DAY PERIOD
BEFORE THE PETITION DATE
PURSUANT TO 11 U.S.C. §§ 547, 550, AND
551;**

**(2) AVOIDANCE, RECOVERY, AND
PRESERVATION OF POST-PETITION
TRANSFERS PURSUANT TO 11 U.S.C. §§
549, 550, AND 551;**

**(3) AVOIDANCE, RECOVERY, AND
PRESERVATION OF TRANSFERS MADE
WITH INTENT TO DEFRAUD PURSUANT
TO 11 U.S.C. §§ 548(A)(1)(B), 550, AND 551;**

**(4) AVOIDANCE, PRESERVATION, AND
RECOVERY OF CONSTRUCTIVELY
FRAUDULENT TWO-YEAR TRANSFERS
PURSUANT TO 11 U.S.C. §§ 548(A)(1)(B),
550 & 551;**

(5) AVOIDANCE, PRESERVATION, AND RECOVERY OF TRANSFERS WITHIN FOUR YEARS PURSUANT TO 11 U.S.C. §§ 544, 550, 551; CAL. CIV. CODE §§ 3439.04(A)(2), 3439.05 AND 3439.07;

(6) AVOIDANCE, RECOVERY, AND PRESERVATION OF TRANSFERS MADE WITHIN FOUR YEARS PURSUANT TO 11 U.S.C. §§ 544(B), 550, AND 551; CAL. CIV. CODE §§ 3439.05, AND 3439.07

Dept 5C
Honorable Scott C. Clarkson

For his *Complaint for (1) Avoidance, Recovery, and Preservation of Transfers Made Within the Ninety Day Period Before the Petition Date Pursuant to 11 U.S.C. §§ 547, 550, and 551; (2) Avoidance, Recovery, and Preservation of Post-Petition Transfers Pursuant to 11 U.S.C. §§ 549, 550, and 551; (3) Avoidance, Recovery, and Preservation of Transfers Made With Intent to Defraud Pursuant to 11 U.S.C. §§ 548(a)(1)(B), 550, and 551; (4) Avoidance, Preservation, and Recovery of Constructively Fraudulent Two-Year Transfers Pursuant to 11 U.S.C. §§ 548(a)(1)(B), 550 & 551; (5) Avoidance, Preservation, and Recovery of Transfers Within Four Years Pursuant to 11 U.S.C. §§ 544, 550, 551; Cal. Civ. Code §§ 3439.04(a)(2), 3439.05 and 3439.07; and (6) Avoidance, Recovery, and Preservation of Transfers Made Within Four Years Pursuant to 11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.05, and 3439.07*, Plaintiff Richard A. Marshack, the Trustee of the LPG Liquidation Trust (the “Trustee” or “Plaintiff”) in the above-captioned bankruptcy case (the “Bankruptcy Case”), alleges and avers as follows:

STATEMENT OF JURISDICTION, NATURE OF PROCEEDING, AND VENUE

1. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 157(b)(2)(A), (E), (H) and (O), 1334(b), and General Order No. 13-05 of the District Court for the Central District of California because this is a core proceeding arising in and/or related to the Bankruptcy Case, which is a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and which is pending in the United States Bankruptcy Court for the Central District of California, Santa Ana Division (the “Court”).

2. Regardless of whether this proceeding is core, non-core, or otherwise, the Plaintiff consents to the entry of a final order and judgment by the Bankruptcy Court.

3. Defendant is hereby notified that Rule 7008 of the Federal Rules of Bankruptcy Procedure requires him to plead whether consent is given to the entry of a final order and judgment by the bankruptcy court.

4. Venue of this adversary proceeding properly lies in this judicial district pursuant to 28 U.S.C. § 1409(a) because this proceeding is related to the Debtor's pending Bankruptcy Case.

THE PARTIES

5. Plaintiff, Richard A. Marshack, was the duly-appointed, qualified Chapter 11 Trustee of Debtor's Estate and is now the current liquidating trustee of the LPG Liquidation Trust.

6. Debtor LPG is, and at all material times was, a professional corporation organized, existing, and in good standing under the laws of the State of California, with its principal place of business in Tustin, California.

7. Defendant Legacy Financial Strategies & Insurance Services, Inc. ("Legacy") is and at all material times was a California corporation.

8. Defendant Salvador Robles ("Robles") is, and at all material times was a resident of the state of California.

9. Defendants Robles and Legacy may be served with process via first class mail postage prepaid directed to Salvador Robles, individually and as CEO of Legacy, at 4941 W 140th Street, Hawthorne, CA 90250.

GENERAL ALLEGATIONS

A. The Bankruptcy Case

10. On March 20, 2023 ("Petition Date"), Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, commencing the Bankruptcy Case.

11. The Office of the United States Trustee ("UST") filed its *Motion by United States Trustee to Dismiss or Convert Case Pursuant to 11 U.S.C. § 1112(b)* [Bankr. Docket No. 21] and creditors Debt Validation Fund II, LLC; MC DVI Fund 1, LLC; and MC DVI Fund 2, LLC filed the *Motion by DVF and MC DVI to Dismiss Chapter 11 Case Pursuant to 11 U.S.C. §§ 105, 305, 349,*

1 & 1112, or in the Alternative Convert This Case to Chapter 7 or Appoint a Trustee [Bankr. Docket
2 No. 44]. On May 4, 2023, the Court entered its *Order Directing United States Trustee to Appoint*
3 *Chapter 11 Trustee* [Bankr. Docket No. 58].

4 12. Pursuant to the *Acceptance of Appointment as Chapter 11 Trustee* [Bankr. Docket No.
5 63], on May 8, 2023, Trustee accepted his appointment as the Chapter 11 Trustee in the Bankruptcy
6 Case. The Court approved the Trustee's appointment in its *Order Approving the U.S. Trustee's*
7 *Application for the Appointment of a Chapter 11 Trustee* [Docket No. 65].

8 13. Trustee was not appointed until after events of the case and, therefore, bases these
9 allegations on information and belief. *Soo Park v. Thompson*, 851 F.3d 910, 928 (9th Cir.
10 2017) ("The *Twombly* plausibility standard . . . does not prevent a plaintiff from pleading facts alleged
11 upon information and belief where the facts are peculiarly within the possession and control of the
12 defendant or where the belief is based on factual information that makes the inference of culpability
13 plausible."); *Miller v. City of Los Angeles*, 2014 U.S. Dist. LEXIS 198871, 2014 WL 12610195, at
14 *5 (C.D. Cal. Aug. 7, 2014) (recognizing that the plaintiff's "information and belief" pleading was
15 allowed and "necessary at times"); *see also Mireskandari v. Daily Mail and General Trust PLC*, 2013
16 U.S. Dist. LEXIS 194437, 2013 WL 12129642, at *4 (C.D. Cal. July 31, 2013) ("The Federal Rules
17 of Civil Procedure allow parties to plead facts on 'information and belief' if the facts 'will likely have
18 evidentiary support after a reasonable opportunity for further investigation or discovery.'" (citations
19 omitted)).

20 14. Pursuant to the *Order Confirming Modified First Amended Joint Chapter 11 Plan of*
21 *Liquidation* entered September 9, 2024, and the *Notice of Occurrence of Effective Date of Modified*
22 *First Amended Joint Chapter 11 Plan of Liquidation* filed September 24, 2024, Richard A. Marshack
23 became the Liquidating Trustee of the LPG Liquidation Trust, effective September 24, 2024. [Bankr.
24 Docket Nos. 1646 & 1762].

25 15. All claims have been transferred to the Liquidating Trust pursuant to the confirmed
26 plan and Plaintiff brings this action solely in his capacity as the Liquidating Trustee of the LPG
27 Liquidation Trust, for the benefit of Debtor's Estate and its creditors.
28

1 **B. Protective Order**

2 16. On or about May 2, 2024, Plaintiff filed that certain Notice and Motion for Entry of
3 Protective Order (the “Protective Order”).

4 17. On June 3, 2024, the Court entered its *Order Granting Motion for Entry of Protective*
5 *Order and the Protective Order* [Bankr. Docket No. 1270] (the “Protective Order”). A true and
6 accurate copy of the Protective Order is attached as **Exhibit 1**, and incorporated herein.

7 18. By its own terms, the Protective Order applies to this adversary proceeding and
8 governs all discovery conducted herein.

9 **C. LPG’s Ownership and Management**

10 19. Prior to the Petition Date, LPG operated a law firm for consumers across the country
11 who sought assistance in contesting or resolving debts they would identify. At all relevant times, LPG
12 was controlled and operated by the individual named Tony Diab (“Diab”).

13 20. The consumers would pay LPG over a period of time via monthly debits from their
14 bank accounts.

15 21. The monthly payments were meant to cover all legal services LPG provided to the
16 consumers including validation of the debts, review of documents to determine enforceability, and
17 court appearances to halt lawsuits to obtain judgments.

18 22. In certain instances, LPG would file a lawsuit in an effort to eliminate a disputed debt
19 or to prosecute affirmative claims held by the consumers.

20 23. LPG mismanaged the consumers’ monthly payments.

21 24. Diab and other defendants devised a plan to fraudulently transfer funds, client files,
22 client funds and assets in the form of ACH Receivables (the “ACH Receivables” or “Accounts
23 Receivable”) out of LPG to third parties prior to the filing of bankruptcy.

24 25. To obtain consumer clients, LPG contracted with marketing companies, who
25 engaged in illegal capping and would advertise or call to solicit consumers to become clients of LPG
26 in exchange for a percentage of the ACH Receivables collected by LPG from the consumers. The
27 marketing affiliate went so far as to assist with the execution of an engagement letter between the
28 consumer and LPG.

1 26. In exchange, LPG agreed to pay the marketing affiliates a percentage the monthly
2 payments collected by LPG from the consumers.

3 27. Because LPG received payments from consumers over time, it often sought financing
4 by borrowing against its future cash flows. This borrowing was not only used to finance operations
5 at LPG, but also to pay the fees owed to the marketing companies for providing the client referrals.

6 28. Many of the documents executed in connection with such financing described the
7 transactions as accounts receivable purchase agreements.

8 29. Diab used entities he controlled including, without limitation, Vulcan Consulting,
9 LLC (“Vulcan”) and B.A.T., Inc. dba Coast Processing (“Coast”) to process payments from LPG
10 consumer clients and to divert LPG consumer funds and ACH Receivables. Diab would use numerous
11 ACH processing companies in order to easily transfer millions of dollars from Debtor to these entities
12 he controlled, without oversight or detection, and to avoid payment disputes and complications. The
13 money that flowed from Debtor through these bank account to Defendants consisted of Client Funds
14 that Debtor funneled to these entities by means of the ACH processing companies. Debtor also made
15 deposits into these entities bank account such that they received Client Funds directly from Debtor in
16 addition to direct Accounts Receivables.

17 **D. Ponzi Scheme Presumption**

18 30. The Ponzi Scheme Presumption exists in bankruptcy proceedings.

19 31. The Ponzi Scheme Presumption can be utilized to establish a debtor’s “intent to
20 defraud future undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme.
21 Indeed, no other reasonable inference is possible. A Ponzi scheme cannot work forever. The investor
22 pool is a limited resource and will eventually run dry. The perpetrator must know that the scheme
23 will eventually collapse as a result of the inability to attract new investors. The perpetrator
24 nevertheless makes payments to present investors, which, by definition, are meant to attract new
25 investors. He must know all along, from the very nature of his activities, that investors at the end of
26 the line will lose their money. Knowledge to a substantial certainty constitutes intent in the eyes of
27 the law,” *cf. Restatement (Second) of Torts § 8A* (1963 & 1964), and a debtor’s knowledge that future
28 investors will not be paid is sufficient to establish his actual intent to defraud them. *Kirkland v. Rund*

(*In re EPD Inv. Co., LLC*), 114 F.4th 1148, 1153 (9th Cir. 2024) (by definition Ponzi scheme is destined to fail and the swindler and their entities often end in bankruptcy or equitable receivership); *Cf. Coleman Am. Moving Servs., Inc. v. First Nat’l Bank & Trust Co. (In re American Properties, Inc.)* 14 B.R. 637, 643 (Bankr. D. Kan. 1981) (intentionally carrying out a transaction with full knowledge that its effect will be detrimental to creditors is sufficient for actual intent to hinder, delay or defraud within the meaning of § 548(a)(1)).” *Merrill v. Abbott (In re Independent Clearing House Co.)* (D. Utah 1987) 77 B.R. 843, 860. A trustee in bankruptcy is not required to show that an operator of a Ponzi scheme was subjectively aware his Ponzi scheme was destined to fail. *In re EPD Inv. Co., LLC*, 114 F.4th at 1153 (“[a] trustee’s action to recover assets fraudulently conveyed in the course of a Ponzi scheme does not require that the trustee also prove the Ponzi-scheme operator was subjectively aware his Ponzi scheme was destined to fail.”).

32. “But if all the debtor receives in return for a transfer is the use of the defendant’s money to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share. In fact, by helping the debtor perpetuate his scheme, the transfers exacerbate the harm to creditors by increasing the amount of claims while diminishing the debtor’s estate. In such a situation, the use of the defendant’s money cannot objectively be called ‘reasonably equivalent value.’” *In re Independent Clearing House Co.* 77 B.R. at 859. Therefore, “[t]he trustee can avoid the transfers if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme are preferential and fraudulent. Therefore, they constitute “property of the estate,” and the trustee can recover them. *Id.* at 853 n.17 (citations omitted).

33. Debtor was operating a Ponzi scheme that utilized affiliates and several other entities as investors/lenders to continue its unlawful business practices by using funds provided by current investors to attract new investors hoping for very high returns. Therefore, the Debtor was running a Ponzi scheme and the Ponzi Scheme Presumption can be utilized to infer that the Debtor had the intent to defraud investors within the meaning of 11 U.S.C. section 548(a)(1). This is evidenced by the Court in this Bankruptcy Case declaring that Debtor was operating a Ponzi scheme when it stated the following:

It is important to note that this Court has never received any significant and trustworthy evidence that Debtor accomplished meaningful results for its clients, but only anecdotal examples of

1 viable success for its clients. By reviewing the Estate’s claims
2 register, there is evidence of consumer claims for the fraud and
3 demanded but undelivered refunds of approximately \$500 million.
4 There is ample evidence that the pre-petition Debtor never placed the
5 collected funds into an attorney-client trust account, and that Debtor
6 or its principals simply looted the payments received through the
7 client automatic withdrawals, stiffing both the clients and outside
8 attorneys who may have been working on client cases with the hopes
9 of being paid. There is also evidence before the Court that Debtor
10 was running a Ponzi scheme and paying some outside (or “network”) attorneys with funds obtained from new clients. In this case, it appears that some of the “lenders” may have been serving as “investors,” hoping for very high returns before “the music stopped.” The Ninth Circuit has recently explained, “[b]y definition, a Ponzi scheme is destined to fail because the pool of available investors is not limitless. When the Ponzi scheme operator’s pool of investors inevitably runs dry, the scheme collapses and the swindler and their entities often end up in bankruptcy or equitable receivership. *See generally* David R. Hague, Expanding the Ponzi Scheme Presumption, 64 DePaul L. Rev. 867 (2015). In bankruptcy, the court-appointed trustee is tasked with taking immediate control of the entity, ceasing ongoing fraudulent activity, locating and collecting assets for the bankruptcy or receivership estate, and achieving a final, equitable distribution of the remaining assets. *See* 11 U.S.C. § 704; *Kirkland v. Rund (In re EPD Inv. Co., LLC)*, 2024 U.S. App. LEXIS 21363, at *15 (9th Cir. Aug. 23, 2024). Finally, there is evidence that Debtor was encumbering (or as some creditors assert, “double or triple selling”) their accounts or receivables to multiple lenders. With respect to Greyson’s requested Administrative Claim [Dk. 676], and as more fully described in the concurrently entered order denying the claim, there has been no evidence presented that any work allegedly performed by Greyson assisted any clients or added any value to the Estate.

21 *See, Case 8:23-bk-10571-SC*, Doc 1545 n. 5.

22 34. The Ponzi Scheme Presumption establishes a debtor’s “intent to defraud future
23 undertakers [investors] from the mere fact that a debtor was running a Ponzi scheme.” *Merrill v.*
24 *Abbott (In re Independent Clearing House Co.)*, 77 B.R. 843, 860 (D. Utah 1987). “Knowledge to a
25 substantial certainty constitutes intent in the eyes of the law, *cf. Restatement (Second) of Torts* § 8A
26 (1963 & 1964), and a debtor’s knowledge that future investors will not be paid is sufficient to
27 establish his actual intent to defraud them.” *Id.* A trustee in bankruptcy is not required to show that
28 an operator of a Ponzi scheme was subjectively aware his Ponzi scheme was destined to fail. *In re*

1 *EPD Inv. Co., LLC*, 114 F.4th at 1153 (9th Cir. 2024).

2 35. “[I]f all the debtor receives in return for a transfer is the use of the defendant’s money
3 to run a Ponzi scheme, there is nothing in the bankruptcy estate for creditors to share.” *In re*
4 *Independent Clearing House Co.* 77 B.R. at 859. In such a situation, the use of the defendant’s money
5 cannot objectively be called “reasonably equivalent value.” *Id.* Therefore, “[t]he trustee can avoid the
6 transfers if they were preferential or fraudulent. Transfers to investors in a Ponzi scheme are
7 preferential and fraudulent. Therefore, they constitute ‘property of the estate,’ and the trustee can
8 recover them.” *Id.* at 853 n.17 (citations omitted).

9 36. Based on the Ponzi Scheme presumption the Court can infer that the Debtor had the
10 intent to defraud investors within the meaning of 11 U.S.C. § 548(a)(1). Since the transfers to the
11 Defendant were made with the intent to further the Ponzi scheme, the Debtor did not receive an
12 objectively reasonable equivalent value for such transfers, and the Trustee can avoid any such
13 transfers because they were actually fraudulent as to the Debtor’s creditors..

14 **E. Prepetition Litigation and Creditors**

15 37. Debtor’s Schedule E/F, filed on April 4, 2023, as Dk. No. 33, lists: (a) 11 unsecured
16 creditors with priority unsecured claims totaling \$374,060.04; and (b) 58 nonpriority unsecured
17 creditors with scheduled claims totaling \$141,439,158.05.

18 38. The claims register in this Bankruptcy Case includes 2,554 proofs of claim, totaling
19 in excess of \$424 million of claims asserted against the Estate.

20 39. At least 14 UCC-1 statements were of record securing alleged debts of the Debtor as
21 of the Petition Date. These statements either reflected secured liens against the Debtor’s assets then
22 owned or thereafter acquired or provided evidence of the assignment or sale of substantial portions
23 of the Debtor’s future income. They secured the repayment of the following claimed amounts that
24 are currently known to Trustee and are allegedly owed by the Debtor: (a) \$2,374,004.82 owed to
25 Fundura Capital Group as evidenced by Proof of Claim No. 335 purportedly secured by a UCC
26 statement filed on or about May 19, 2021; (b) approximately \$15 million dollars owed to MNS
27 Funding, LLC as evidenced by Proof of Claim No. 1060 purportedly secured by a UCC statement
28 filed on or about May 28, 2021; (c) approximately \$5,000,000 owed to Azzure Capital, LLC as

1 evidenced by Proof of Claim No. 127 purportedly secured by a UCC statement filed on or about May
2 28, 2021; and (d) approximately \$1.5 million dollars owed to Diverse Capital, LLC purportedly
3 secured by UCC statements filed on or about September 15, 2021, and December 1, 2021.

4 40. Debtor's balance sheets for the 36 months ending December 31, 2021, show
5 approximately \$17,900,000 in total assets at its highest point in November 2021. This amount is
6 significantly less than the \$424 million of claims filed.

7 41. Debtor's Statement of Financial Affairs, filed on April 4, 2023, as Dk. No. 34, reflects
8 15 pending lawsuits against Debtor as of the Petition Date. The lawsuits date back to October 18,
9 2021 (*Fundura v. The Litigation Practice Group P.C. et al.*, Supreme Court of New York Index No.
10 613192-2021) and are as recent as March 10, 2023 (*Diverse Capital LLC v. The Litigation Practice*
11 *Group P.C. et al.*, Supreme Court of New York Index No. 135614-2023).

12 **F. Debtor's Insolvency**

13 42. Debtor was insolvent when the Transfers occurred as evidenced by: (a) the 14 UCC-
14 1 statements reflecting secured liens against the Debtor's owned and after-acquired assets and the
15 assignment or sale of substantial portions of the Debtor's future income; (b) the priority and non-
16 priority unsecured debt of nearly \$142 million listed in Debtor's schedules; (c) the \$424 million of
17 creditor claims filed in this Bankruptcy Case; and (d) Debtor's balance sheets reflecting, at its highest
18 point, \$17.9 million of assets in November 2021.

19 43. Moreover, insolvency is presumed as a matter of law where, as in this Bankruptcy
20 Case, the debtor operated a Ponzi scheme. *See, e.g., Glob. Money Mgmt., L.P. v. McDonnold*, No.
21 06CV34, 2008 U.S. Dist. LEXIS 128733, at *15 (S.D. Cal. Feb. 27, 2008) (concluding that "if a
22 Ponzi scheme is proven, then the debtor is proven insolvent from the time of its inception").

23 **SPECIFIC ALLEGATIONS**

24 44. Beginning in 2022, the Debtor began borrowing money from multiple third parties
25 pursuant to loan agreements administered by Spot On Consulting, Inc. ("Spot On"). Upon information
26 and belief, Spot On or any other party that referred a lender to the Debtor and Spot On received a
27 commission of a percentage of the principal amount of the loan.

1 45. The Debtor and the third-party lender executed a loan agreement (generally “Spot On
2 Notes”) that Spot On joined as an “administrative liaison/servicing company.” The terms of the Spot
3 On Notes could vary, but typically they provided that the lender would lend a fixed amount to the
4 Debtor. The Debtor, in turn, would pay eight to ten percent interest **per month** on the principal
5 amount of the loan for twelve or twenty-four months. At maturity, the Debtor promised to repay the
6 lender the entire principal amount of the Spot On Note.

7 46. By borrowing under these terms, the Debtor was obligating itself to repay each lender
8 two to four times the amount that was borrowed. The Debtor “borrowed” hundreds of thousands of
9 dollars through the Spot On Notes **each week** beginning in the fall of 2022.

10 47. Upon information and belief, some Spot On Notes may not document a true loan
11 transaction where the principal amount of the note was lent to the Debtor. In some instances, the
12 Trustee believes that the principal balance of some Spot On Notes may represent an amount that was
13 owed to the holder from another transaction or investment with the Debtor or related entity that was
14 converted into a Spot On Note to extend the time to repay the amount owed.

15 48. In some instances, lenders would have multiple outstanding Spot On Notes between
16 them and the Debtor at the same time. Upon information and belief, the existence of multiple Spot
17 On Notes by one lender may not be evidence of actual funds advanced to the Debtor.

18 49. Upon information and belief, when the Debtor first began making payments to lenders
19 on the Spot On Notes, it made a lump sum payment to Spot On equal to the total amount needed to
20 pay the installments due to the lenders for that week. Spot On would then pay the individual lenders
21 from its bank account. Upon information and belief, Spot On disbursed payments from two bank
22 accounts it held at JPMorgan Chase Bank with account numbers ending in XX7662 and XX2777
23 (“Accounts”).

24 50. Ultimately, the Debtor was not able to pay Spot On a sufficient amount from its
25 operations to make the weekly payments to the holders of the Spot On Notes. After this, upon
26 information and belief, Spot On began using funds it obtained the execution of new Spot On Notes
27 to make payments owed on existing Spot On Notes.

1 51. The funds deposited in the Spot On account pursuant to new Spot On Notes was the
2 Debtor's property as the Debtor had borrowed the money and was entitled to the use of it.

3 52. The Debtor may have also made payments directly to the holders of Spot On Notes
4 from its own bank accounts or the bank accounts of a related entity.

5 53. Upon information and belief, payments to lenders on account of the Spot On Notes
6 may have continued after the Petition Date.

7 54. After the Debtor filed for bankruptcy, the Defendant, and many other holders of Spot
8 On Notes, assigned and transferred their Spot On Notes to Affirma, LLC ("Affirma"). On June 28,
9 2023, Affirma filed Proof of Claim No. 91 in the original amount of \$66,855,310.45 (as amended the
10 "Affirma Claim").

11 55. The Trustee has filed a separate adversary against Affirma that seeks to avoid the
12 Debtor's execution of the Spot On Notes as a fraudulent or voidable conveyance under applicable
13 law. This action only seeks to recover the payments made to the Defendant prior to the assignment
14 of the Defendant Note to Affirma. Accordingly, the Court's ruling on the claims asserted against
15 Affirma in its adversary will impact what claims and defense may be asserted in this action.

16 56. Defendants executed multiple Spot On Notes with the Debtor in 2022 and/or 2023
17 (collectively "Defendant Notes"). According to the Affirma Claim, Legacy was a lender under two
18 Spot On Notes while Robles was a lender under three promissory notes.

19 57. The payments made to the Defendants known to the Trustee are set forth on **Exhibit**
20 **2**. Exhibit 2 includes payments made to the Defendant from Spot On and from the Debtor, if any.
21 These payments are collectively referred to as the "Transfers."

22 58. All Transfers on Exhibit 2 may not relate to the Defendants' Note, and the Trustee
23 may file a separate adversary against the Defendant based on other transactions or relationships it had
24 with the Debtor. All Transfers to Defendant known to the Trustee are listed on Exhibit 2 out of an
25 abundance of caution, but the relief sought in this Complaint is limited to those Transfers involved
26 or connected with Spot On.

27 ///

28

COUNT ONE

Avoidance, Recovery, and Preservation of Transfers Made Within the Ninety Day Period

Before the Petition Date

[11 U.S.C. §§ 547, 550, and 551]

59. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding paragraphs as though set forth in full herein.

60. In the ninety-day period preceding the Petition Date, the Debtor made or caused to be made one or more Transfers to the Defendant (collectively “90 Day Transfers”). These 90 Day Transfers are identified on Exhibit 2.

61. The 90 Day Transfers were paid to the Defendant on account of a preexisting debt owed to that Defendant.

62. The 90 Day Transfers were made to or for the benefit of a creditor within the meaning of 11 U.S.C. § 547(b)(1) because the 90 Day Transfers were payments made on account of debts nominally owed by the Debtor.

63. A transfer of the Debtor’s assets occurred when the 90 Day Transfers were paid to the Defendant.

64. The 90 Day Transfers were made on account of antecedent debt nominally owed by the Debtor to the Defendant due to an “investment” or other document evidencing indebtedness. The Debtor’s payment obligations to the transferees constituted a “debt” (as defined in the Bankruptcy Code).

65. The 90 Day Transfers occurred when the Debtor actually was insolvent. However, Plaintiff is also entitled to the presumption of insolvency when the 90 Day Transfers were made pursuant to 11 U.S.C. § 547(f).

66. The 90 Day Transfers were made in the ninety-day period before the Petition Date.

67. To the extent any transfers were made by the Debtor to the Defendant within the ninety-day period preceding the Petition Date and are not identified herein, Plaintiff reserves the right to avoid and recover such transfers pursuant to 11 U.S.C. §§ 547 and 550.

68. As the holder of an unsecured claim(s) or as party who has not filed a claim, the

1 payment of the 90 Day Transfers to the Defendant enabled it to recover more than it would have
2 received if: (i) the Debtor's case was under chapter 7 of the Bankruptcy Code; (ii) the 90 Day
3 Transfers had not been made; and (iii) the debts owed to the Defendant upon which payments were
4 made were paid pursuant to the provisions of the Bankruptcy Code. As evidenced by the Debtor's
5 schedules filed in the underlying Bankruptcy Case, as well as the proofs of claim that have been
6 received to date, the Debtor's liabilities exceed its assets to the point that unsecured creditors will not
7 receive a full payout of their claims from the Debtor's bankruptcy estate.

8 69. In accordance with the foregoing, the 90 Day Transfers are avoidable pursuant to 11
9 U.S.C. § 547(b), and may be recovered and preserved for the benefit of the estate pursuant to 11
10 U.S.C. §§ 550 and 551.

11 **COUNT TWO**

12 **Avoidance, Recovery, and Preservation of Post-Petition Transfers**

13 **[11 U.S.C. §§ 549, 550, and 551]**

14 70. Plaintiff realleges and incorporates by reference each and every allegation contained
15 in the preceding paragraphs as though set forth in full herein.

16 71. This is an action to pursuant to 11 U.S.C. §§ 549 and 550 to avoid and recover
17 unauthorized post-petition transfers made by Debtor to the Defendant ("Post-Petition Transfers").

18 72. To the extent any Post-Petition Transfers were made by the Debtor to the Defendant
19 and are not identified herein, Plaintiff reserves the right to amend the Complaint to identify the Post-
20 Petition Transfers and seek the avoidance and recovery of them pursuant to 11 U.S.C. §§ 549 and
21 550.

22 73. Those Post-Petition transfers to Defendant that are known to the Trustee at this time
23 are identified on **Exhibit 2** hereto.

24 **COUNT THREE**

25 **Avoidance, Recovery, and Preservation of Transfers Made With Intent to Defraud**

26 **[11 U.S.C. §§ 548(a)(1)(B), 550, and 551]**

27 74. Plaintiff realleges and incorporates by reference each and every allegation contained
28 in the preceding paragraphs as though set forth in full herein.

1 75. The Transfers were property of the Debtor's Estate prior to their conveyance to the
2 Defendant. The Transfers to the Defendant made within two years of the Petition Date are identified
3 on Exhibit 2 ("Two-Year Transfers").

4 76. When the Two-Year Transfers were made, the Debtor was indebted to the Prepetition
5 Creditors and Defendant.

6 77. The Two-Year Transfers occurred when the Debtor was insolvent or was rendered
7 insolvent as a result of the Transfers.

8 78. The Two-Year Transfers to the Defendant were made with actual intent to hinder,
9 delay or defraud the creditors of Debtor because the Debtor's borrowing through the Spot On Notes
10 was a Ponzi scheme. This fact permits the Court to infer that the Debtor's intent was fraudulent within
11 the meaning of 11 U.S.C. section 548(a)(1).

12 79. The Two-Year Transfers are avoidable as fraudulent pursuant to 11 U.S.C. §§
13 548(a)(1)(A), 550, and 551 by one or more creditors who held and hold unsecured claims against
14 Debtor that were and are allowable against Debtor's Estate under 11 U.S.C. § 502, or that were not
15 and are not allowable only under 11 U.S.C. § 502(e), including, without limitation, the Prepetition
16 Creditors.

17 80. The Two-Year Transfers should be avoided as fraudulent under 11 U.S.C.
18 § 548(a)(1)(A), and such transferred property, or the value thereof, should be recovered and preserved
19 for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551.

20 **COUNT FOUR**

21 **Avoidance, Preservation, and Recovery of Constructively Fraudulent Two-Year Transfers**

22 **11 U.S.C. §§ 548(a)(1)(B), 550 & 551**

23 81. Plaintiff realleges and incorporates by reference each and every allegation contained
24 in the preceding paragraphs as though set forth in full herein.

25 82. The Two-Year Transfers were made within two years of the Petition Date.

26 83. Debtor did not receive reasonably value in exchange for the Two-Year Transfers
27 because (i) the Debtor was not liable on the debts originally owed to the Defendant, (ii) the debts
28 allegedly owed to Defendant arose from investments in the Debtor or entities related to the Debtor

1 that were subsequently treated as the Debtor's debt, or (iii) the obligations to the Defendant were
2 usurious and unenforceable as a matter of law.

3 84. The Two-Year Transfers were made at a time when Debtor was insolvent and/or
4 rendered insolvent by virtue of said transfers.

5 85. When the Two-Year Transfers occurred, Debtor's business was undercapitalized, and
6 Debtor was engaged in business for which its capital was unreasonably small.

7 86. When the Two-Year Transfers occurred, Debtor had incurred or was about to incur
8 debts that were beyond its ability to pay. The allegations in the preceding paragraphs are supported
9 by the fact that the Debtor was consistently borrowing money from merchant cash advance lenders,
10 purporting to sell the same groups of receivables to multiple parties, and as of August 2022 had begun
11 a separate Ponzi scheme of borrowing through the Spot On Notes as discussed herein.

12 87. At the time each Two-Year Transfer was made, Debtor was indebted to one or more
13 creditors that held a claim against Debtor on the date of each Two-Year Transfer and on the Petition
14 Date.

15 88. Plaintiff alleges that Defendant did not receive the Two-Year Transfers in good faith,
16 for value, and without knowledge of their avoidability.

17 89. Each Defendant knew that the Debtor was a law firm who was required by law to
18 escrow client payments until earned. Each Defendant knew the terms of their Defendant Note, and
19 Defendant knew or should have known that the terms were usurious.

20 90. However, the Transfers paid to Defendant were either made from (i) money borrowed
21 from new lenders in the Spot On Ponzi scheme, or (ii) client payments that had not been placed in
22 trust and earned.

23 91. Each Defendant had to know or should have known that they were being paid with
24 funds borrowed from other lenders, or with client funds that had not been placed into trust and been
25 disbursed before they were earned.

26 92. Each Defendant knew or should have known that were receiving payment on a debt
27 that was not valid or enforceable at law to the extent it arose from the Defendant Note.

28 93. Based on the foregoing, Plaintiff may recover and preserve the avoided Two-Year

Transfers from Defendant as the initial transferee or, alternatively, as the subsequent transferee for the benefit of the Estate under 11 U.S.C. §§ 550 and 551 from Defendant.

COUNT FIVE

Avoidance, Preservation, and Recovery of Transfers Within Four Years

11 U.S.C. §§ 544, 550, 551; Cal. Civ. Code §§ 3439.04(a)(2), 3439.05 and 3439.07

94. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding paragraphs as though set forth in full herein.

95. Under 11 U.S.C. § 544(b)(1), Plaintiff may avoid transfers of an interest of Debtor which are voidable under applicable law by an unsecured creditor of Debtor, including under California Civil Code §§ 3439.04(a)(1) and 3439.05.

96. The Transfers occurred within four years prior to the Petition Date.

97. On or after the date that such Transfer were made, entities to which Debtor was or became indebted include the Prepetition Creditors.

98. Despite Debtor's obligation to the Prepetition Creditors, Debtor made the Transfers to Defendant.

99. The Transfers to Defendant were made with actual intent to hinder, delay or defraud the creditors of Debtor as the Debtor was operating a Ponzi scheme through its borrowing from Spot On.

100. Defendant's conduct relating to the Transfers was done with oppression, fraud and malice, as defined in California Civil Code section 3294, entitling Plaintiff to exemplary and punitive damages.

101. The Transfers are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and Cal. Civ. Code §§ 3439.04(a)(1) and 3439.07 by one or more creditors who held and hold unsecured claims against Debtor that were and are allowable against its Estate under 11 U.S.C. § 502 or that were not and are not allowable only under 11 U.S.C. § 502(e), including, without limitation, the Prepetition Creditors.

102. Accordingly, the Transfers should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and Cal. Civ. Code §§ 3439.04(a)(1) and 3439.07, and such transferred property, or the value thereof,

1 should be recovered and preserved for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551
2 and Cal. Civ. Code § 3439.07.

3 103. Under 11 U.S.C. § 544(b)(1), Plaintiff may avoid transfers of an interest of Debtor
4 which are voidable under applicable law by an unsecured creditor of Debtor, including under
5 California Civil Code §§ 3439.04(a)(2) and 3439.05.

6 104. Debtor did not receive reasonably equivalent value in exchange for the Transfers. The
7 Transfers were made to (i) entities that were not creditors of the Debtor, (ii) entities that had made
8 equity or other investments with the Debtor or in assets, (iii) the Defendant pursuant to an illegal
9 agreement, and/or (iv) entities who claimed to be owed far more than any value that was ever given
10 to the Debtor.

11 105. The Transfers were made at a time when Debtor was insolvent and/or rendered
12 insolvent by virtue of said transfers.

13 106. At the time each Transfer was made, Debtor was engaged or was about to engage in a
14 business or a transaction for which the remaining assets of Debtor were unreasonably small in relation
15 to the business or transaction.

16 107. At the time each Transfer was made, Debtor intended to incur, or believed or
17 reasonably should have believed that Debtor would incur, debts beyond Debtor's ability to pay as
18 they became due.

19 108. At the time each Transfer was made, Debtor was indebted to one or more creditors
20 that held a claim against Debtor on the date of each Transfer and on the Petition Date.

21 109. Plaintiff alleges that Defendant did not receive the Transfers in good faith, for value,
22 and without knowledge of their avoidability.

23 110. Defendant knew that the Debtor was a law firm who was required by law to escrow
24 client payments until earned. However, Defendant received payment either from (i) funds borrowed
25 from another lender, or (ii) from client payments that had not been placed in trust and earned.

26 111. Each Defendant knew or should have known that were receiving payment on a debt
27 that was not valid or enforceable at law to the extent it arose from the Defendant Note.

28 112. Based on the foregoing, Plaintiff may avoid the Transfers pursuant to 11 U.S.C. § 544

1 and California Civil Code §§ 3439.04(a)(2) and 3439.05.

2 113. Based on the foregoing, Plaintiff may recover and preserve the Transfers from the
3 Defendant as the initial transferee or, alternatively, as the subsequent transferee for the benefit of the
4 Estate pursuant to 11 U.S.C. §§ 550 and 551, and Cal. Civ. Code § 3439.07.

5 **COUNT SIX**

6 **Avoidance, Recovery, and Preservation of Transfers Made Within Four Years**

7 **[11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.05, and 3439.07]**

8 114. Plaintiff realleges and incorporates by reference each and every allegation contained
9 in the preceding paragraphs as though set forth in full herein.

10 115. Under 11 U.S.C. § 544(b)(1), Plaintiff may avoid transfers of an interest of Debtor
11 which are voidable under applicable law by an unsecured creditor of Debtor, including under
12 California Civil Code §§ 3439.04(a)(2) and 3439.05.

13 116. Debtor did not receive reasonably equivalent value in exchange for the Transfers as
14 (i) the Debtor was not liable on the debts owed to Defendant, (ii) the debts allegedly owed to
15 Defendant arose from equity investments in entities related to the Debtor that were subsequently
16 treated as the Debtor's debt, (iii) the Defendant pursuant to an illegal agreement, and/or (iv) entities
17 who claimed to be owed far more than any value that was ever given to the Debtor.

18 117. The Transfers were made at a time when Debtor was insolvent and/or rendered
19 insolvent by virtue of said transfers.

20 118. At the time each Transfer was made, Debtor was engaged or was about to engage in a
21 business or a transaction for which the remaining assets of Debtor were unreasonably small in relation
22 to the business or transaction.

23 119. At the time each Transfer was made, Debtor intended to incur, or believed or
24 reasonably should have believed that Debtor would incur, debts beyond Debtor's ability to pay as
25 they became due.

26 120. At the time each Transfer was made, Debtor was indebted to one or more creditors
27 that held a claim against Debtor on the date of each Transfer and on the Petition Date.

28 121. Plaintiff alleges that Defendant did not receive the Transfers in good faith, for value,

1 and without knowledge of their avoidability.

2 122. Defendant knew that the Debtor was a law firm who was required by law to escrow
3 client payments until earned. However, Defendant received payment either from (i) funds borrowed
4 from another lender, or (ii) from client payments that had not been placed in trust and earned.

5 123. Defendant knew or should have known that were receiving payment on a debt that
6 was not valid or enforceable at law to the extent it arose from the Defendant Note.

7 124. Based on the foregoing, Plaintiff may avoid the Transfers pursuant to 11 U.S.C. § 544
8 and California Civil Code §§ 3439.04(a)(2) and 3439.05.

9 125. Based on the foregoing, Plaintiff may recover and preserve the Transfers from the
10 Defendant as the initial transferee or, alternatively, as the subsequent transferee for the benefit of the
11 Estate pursuant to 11 U.S.C. §§ 550 and 551, and Cal. Civ. Code § 3439.07.

12 WHEREFORE, Plaintiffs prays for a judgment as follows:

13 **On the First, Second, Third, Fourth, Fifth, and Sixth Counts:**

- 14 1. Avoiding recovering, and preserving the Transfers to the Defendants in such amounts
15 as the Court may determine based on applicable law;
16 2. Awarding pre-judgment and post-judgment as permitted;
17 3. Granting any other and such further relief as the Court deems just and proper.

18 DATED: March 19, 2025

DINSMORE AND SHOHL LLP

19
20 By: /s/ Tyler Powell
Yosina M. Lissebeck
Tyler Powell (*admitted pro hac vice*)
21 Special Counsel to Richard A. Marshack, Trustee
22 of the LPG Liquidation Trust
23
24
25
26
27
28

EXHIBIT 1

CHRISTOPHER B. GHIO (259094)
christopher.ghio@dinsmore.com
CHRISTOPHER CELENTINO (131688)
christopher.ceentino@dinsmore.com
YOSINA M. LISSEBECK (201654)
yosina.lissebeck@dinsmore.com
DINSMORE & SHOHL LLP
655 West Broadway, Suite 800
San Diego, California 92101
Tele: 619.400.0500
Fax: 619.400.0501

Sarah S. Mattingly (Ky. Bar 94257)
sarah.mattingly@dinsmore.com
DINSMORE & SHOHL, LLP
101 S. Fifth Street, Suite 2500
Louisville, Kentucky 40202
Tele: 859-425-1096
Fax: 502-585-2207
(Admitted pro hac vice)

Special Counsel to Richard A. Marshack

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

In Re

The Litigation Practice Group P.C.,

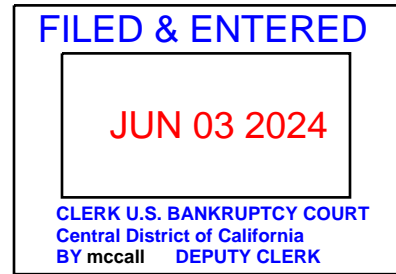
Debtor(s),

Case No: 23-bk-10571-SC

Chapter 11

**ORDER GRANTING MOTION FOR
ENTRY OF PROTECTIVE ORDER AND
THE PROTECTIVE ORDER**

Date: May 23, 2024
Time: 1:30 p.m.
Judge: Hon. Scott C. Clarkson
Place: Courtroom 5C (via Zoom)¹
411 West Fourth Street
Santa Ana, CA 92701



¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's publicly posted hearing calendar, which may be viewed online at:
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 The Court has read and considered the Notice of Motion and Motion for Entry of Protective
2 Order (the "Motion") filed by Richard A. Marshack, in his capacity as the Chapter 11 Trustee (the
3 "Trustee") of the Bankruptcy Estate ("Estate") of The Litigation Practice Group P.C., on May 2, 2024,
4 pursuant to Federal Rule of Bankruptcy Procedure 7026 and Federal Rule of Civil Procedure 26(c)(1),
5 as Dk. No. 1164 ("Motion"), and has found good cause to grant the Motion.

6 IT IS HEREBY ORDERED that:

- 7 1. The Motion is granted;
- 8 2. The below Protective Order shall apply to any contested matter arising
9 in the main bankruptcy case and in all adversary proceedings filed by or against Trustee,
10 present and future; and
- 11 3. Govern the discovery conducted therein.

12 **PROTECTIVE ORDER**

13 **1. DEFINITIONS**

14 1.1 "Confidential Information" as used in this Protective Order shall mean documents and
15 other information (regardless of how generated, stored or maintained) that a Party or non-party
16 reasonably believes to contain or reflect non-public financial or business information, bank records,
17 financial records, such as social security numbers, non-public financial or personal information of a
18 Party or non-party, account numbers, sensitive digital information and identifiers, information subject
19 to confidentiality agreements or provisions other than this Protective Order, and other non-public
20 research, development, or commercial information that derives value or avoids injury by virtue of not
21 being known to the public.

22 1.2 This "Action" is defined and hereby means any contested matter arising in the main
23 bankruptcy case and in all adversary proceedings filed by or against Trustee, present and future.

24 1.3 "Designating Party" means a Party or non-party that designates Confidential
25 Information during the Action.

26 1.4 "Receiving Party" means a Party that receives Confidential Information during the
27 Action.
28

1.5 “Party” or “Parties” means person or entity subject to this Protective Order.

2. **SCOPE OF THIS PROTECTIVE ORDER**

2.1 Unless otherwise ordered, this Protective Order shall govern certain documents and other products of discovery obtained in the Action from the Parties there to, and from third parties. As well as certain information copied or derived therefrom, excerpts, summaries or compilations thereof, including, but not limited to, documents voluntarily exchanged as part of early settlement discussions, documents produced pursuant to initial disclosures, requests authorized by the Federal Rules of Civil Procedure made applicable herein by the Federal Rules of Bankruptcy Procedure, answers to interrogatories, deposition transcripts, responses to requests for production, responses to requests for admission, subpoenas, affidavits, declarations, expert reports, and other such material and information as may be produced during the course of the Action and designated as Confidential Information.

3. **DESIGNATION OF CONFIDENTIAL INFORMATION**

3.1 This Protective Order shall govern the production and handling of any Confidential Information in this Action. Any Party or non-party who produces Confidential Information in this Action may designate it as "Confidential" or "Attorneys' Eyes Only" consistent with the terms of this Protective Order. Whenever possible, the Designating Party must designate only those portions of a document, written discovery responses, deposition, transcript, or other material that contain the Confidential Information and refrain from designating entire documents. Regardless of any designations made hereunder, the Designating Party is not otherwise restricted from use or disclosure of its Confidential Information outside of this Action or for any business purposes. In addition, any Party may move to modify or seek other relief from any of the terms of this Protective Order if it has first tried in writing and in good faith to resolve its needs or disputes with the other Parties or Party as the case may be under the terms of this Protective Order. Further, nothing in this Protective Order shall prevent a Party from redacting documents consistent with the Federal Rules of Civil Procedure and utilizing the documents as needed through-out the Action.

3.2 Application to Non-Parties: Before a non-party is given copies of documents or materials designated as Confidential Information or Attorneys' Eyes Only as permitted hereunder, it

1 must first sign an acknowledgment to be bound to these terms that is attached hereto as Exhibit A; if
2 it fails to do so, the Parties to this Action must resolve any such dispute before making disclosure of
3 designated information as permitted hereunder to the non-party. If a non-party wishes to make
4 designations hereunder, it must first sign attached Exhibit A.

5 3.3 Timing and Provisional Protection: Designations of Confidential Information may be
6 made at any time. To avoid potential waiver of protection hereunder, the Designating Party should
7 designate documents or materials containing Confidential Information at the time of production or
8 disclosure, including on the record during the taking of any deposition. Deposition testimony will be
9 deemed provisionally protected for a period of thirty (30) days after the transcript is released to the
10 Parties by the court reporter, although the Parties may agree at any time to different timelines of
11 provisional protection of information as Confidential or Attorneys' Eyes Only as part of one or more
12 specific depositions. To retain any designations beyond the provisional period, a Designating Party
13 must designate specific pages and lines of deposition testimony before the provisional period has
14 expired. Such designations must be made in writing so that all counsel and court reporters may append
15 the designation to all copies of the transcripts.

16 3.4 Manner of Designation: Confidential Information may be designated hereunder in any
17 reasonable manner or method that notifies the Receiving Party of the designation level and identifies
18 with specificity the information to which the designation applies. If made verbally, the Designating
19 Party must promptly confirm the designation in writing. Whenever possible, the Designating Party
20 should stamp, affix, or embed a legend of "CONFIDENTIAL" or "ATTORNEYS' EYES ONLY" on
21 each designated page of the document or electronic image that contains Confidential Information.

22 **4. CHALLENGES TO DESIGNATED INFORMATION**

23 4.1 In the event that a Receiving Party disagrees at any time with any designation(s) made
24 by the Designating Party, the Receiving Party must first try to resolve such challenge in good faith
25 on an informal basis with the Designating Party. The Receiving Party must provide written notice of
26 the challenge and the grounds therefor to the Designating Party, who must respond in writing to the
27 challenge within fifteen (15) days. At all times, the Designating Party carries the burden of
28 establishing the propriety of the designation and protection level. Unless and until the challenge is

1 resolved by the Parties or ruled upon by the Court, the designated information shall remain protected
2 under this Protective Order. The failure of any Receiving Party to challenge a designation does not
3 constitute a concession that the designation is proper or an admission that the designated information
4 is otherwise competent, relevant, or material.

5 **5. LIMITED ACCESS/USE OF PROTECTED INFORMATION**

6 5.1 Restricted Use: Information that is produced or exchanged in the course of the Action
7 and designated under this Protective Order may be used for preparation for trial and preparation for
8 any appeal of any and all matters in the Action, as well as related settlement negotiations, and for no
9 other purpose, without the written consent of the Designating Party. No Confidential Information may
10 be disclosed to any person except in accordance with the terms of this Protective Order, unless the
11 parties are co-counsel or have entered into joint defense agreements. All persons in possession of
12 Confidential Information agree to exercise reasonable care with regard to the custody, use, or storage
13 of such information to ensure that its confidentiality is maintained. This obligation includes, but is
14 not limited to, the Receiving Party providing to the Designating Party prompt notice of the receipt of
15 any subpoena that seeks production or disclosure of any designated information and consulting with
16 the Designating Party before responding to the subpoena. Any use or disclosure of Confidential or
17 Attorneys' Eyes Only information in violation of the terms of this Protective Order may subject the
18 disclosing person or party to sanctions.

19 5.2 Access to "Confidential" Information: The Party(ies) and all persons subject to this
20 Protective Order agree that information designated as "CONFIDENTIAL" may only be accessed or
21 reviewed by the following:

- 22 a) The Court, its personnel, and court reporters;
23 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a
24 joint defense agreement in the Action and their employees who assist counsel of record, or co-counsel
25 in the Action and are informed of the duties and obligations imposed hereunder;
26 c) The Parties, including their clients, agents and employees who are assisting or have
27 reason to know of the Action;

28 ///

1 d) Experts or consultants employed by the Parties or their counsel, or co-counsel, for
2 purposes of an Action, so long as each such expert or consultant has signed attached Exhibit A; and

3 e) Other witnesses or persons with the Designating Party's consent or by court order.

4 5.3 Access to "Attorneys' Eyes Only" Designations: The Parties and all persons subject to
5 this Protective Order agree that information designated as "ATTORNEYS' EYES ONLY" may only
6 be accessed or reviewed by the following:

7 a) The Court, its personnel, and court reporters;

8 b) Counsel of record, or co-counsel for any Party, or other party that has entered into a
9 joint defense agreement in the Action and their employees who assist counsel of record in the Action
10 and are informed of the duties hereunder;

11 c) In-house counsel for any Party in the Action and Richard A. Marshack, as Chapter 11
12 Trustee of The Litigation Practice Group P.C. who is informed of the duties and obligations imposed
13 hereunder;

14 d) Experts or consultants employed by the Parties or their counsel, or co-counsel for
15 purposes of the Action, and so long as each such expert or consultant has signed attached Exhibit A;
16 and

17 e) Other witnesses or persons to whom the Designating Party agrees in advance of
18 disclosure or by court order.

19 5.4 Non-Waiver Effect of Designations: Neither the taking of, nor the failure to take, any
20 action to enforce the provisions of this Protective Order, nor the failure to object to any designation,
21 will constitute a waiver of any Party(ies)'s claim or defense in the Action or any other action or
22 proceeding, including, but not limited to, a claim or defense that any designated information is or is
23 not Confidential, is or is not entitled to particular protection, or embodies or does not embody
24 information protectable by law.

25 5.5 In-Court Use of Designated Information: If information designated under this
26 Protective Order will or may be offered in evidence at a hearing or trial related to any matter in the
27 Action, then the offering party must give advance notice to the party or non-party that designated
28 prior to offering the information so that any use or disclosure may be addressed in accordance with

1 the Court's case-management or other pre-trial order, or by a motion *in limine*. Nothing in this
2 Protective Order shall be construed as a waiver by a Party of any objections that may be raised as to
3 the admissibility at trial of any evidentiary materials.

4 **6. CLAW-BACK REQUESTS**

5 6.1 Failure to Make Designation: If, at any time, a Party or non-party discovers that it
6 produced or disclosed Confidential Information without designation, it may promptly notify the
7 Receiving Party and identify with particularity the Confidential Information to be designated and the
8 level of designation (the claw-back notification). The Receiving Party may then request substitute
9 production of the newly-designated information. Within thirty (30) days of receiving the claw-back
10 notification, the Receiving Party must: (1) certify to the Designating Party it has appropriately marked
11 or, if substitute production has been requested, destroyed all unmarked copies that it received, made,
12 and/or distributed; and (2) if it was practicably unable to mark or destroy any information because
13 disclosures occurred while the Receiving Party was under no duty of confidentiality under the terms
14 of this Protective Order regarding that information, the Receiving Party must reasonably provide as
15 much information as practicable to aid the Designating Party in protecting the information,
16 consistently with the Receiving Party's attorney-client, work-product, and/or trial-preparation
17 privileges.

18 6.2 Inadvertent Production of Privileged Information: If, at any time, a Party discovers
19 that it produced information that it reasonably believes is subject to protection under the
20 attorney/client, work-product, or trial-preparation privileges, then it must promptly notify each
21 Receiving Party of the claim for protection, the basis for it, amend its privilege log accordingly, and
22 comply with Fed. R. Civ. P. 26(b)(5). Whenever possible, the producing party must produce substitute
23 information that redacts the information subject to the claimed protection. The Receiving Party must
24 thereupon comply with Fed. R. Civ. P. 26(b)(5)(B) as to the information subject to the claimed
25 protection.

26 ///

27 ///

28 ///

1 **7. DURATION/CONTINUED RESTRICTIONS**

2 7.1 Handling of Designated Information Upon Conclusion of the Main Bankruptcy Case:

3 Upon conclusion of the Main Bankruptcy Case, by way of dismissal or closing of the case, the
4 Designating Party(ies) is/are responsible for ensuring that any Party or person to whom the
5 Designating Party shared or disclosed designated information in any of the matters under the Action
6 returns or destroys all of its copies, regardless of the medium in which it was stored. No witness or
7 Party may retain designated information that it received from any other Party or non-party under this
8 Protective Order; only counsel of record, or co-counsel, are the authorized agents who may retain one
9 copy for their respective legal files, and who must also describe to the Designating Party the extra
10 steps taken to protect its legal file containing paper and/or electronic copies of the designated
11 information so that it is not accessed, used, or disclosed inconsistently with the obligations under this
12 Protective Order. This provision does not apply to the Court or Court staff. Moreover, this provision
13 does not apply to Trustee, who may retain and use – consistent with this Order – Confidential
14 Information received in any Action during the entirety of the Bankruptcy.

15 7.2 Continued Restrictions Under this Protective Order: The restrictions on disclosure and
16 use of Confidential Information shall survive the conclusion of the Bankruptcy case and any matter
17 in the Action.

18 **8. PRIVILEGED OR PROTECTED INFORMATION**

19 8.1 Nothing in this Protective Order shall require disclosure of information that is
20 protected by the attorney-client privilege, the work-product protection, or any other legally cognizable
21 privilege (a “Privilege or Protection”). If information subject to a claim of Privilege or Protection is
22 inadvertently produced, pursuant to Federal Rule of Evidence 502(d) such production shall not
23 constitute a waiver of, or estoppel as to, any claim of Privilege or Protection for such information or
24 any other information that may be protected from disclosure by a Privilege or Protection in any
25 proceeding.

26 8.2 If a Party receives a document that appears to be subject to a Privilege or Protection,
27 then it shall refrain from examining the document any more than is essential to ascertain if it is
28 privileged or protected and shall promptly notify the producing Party in writing that the receiving


1 Party possesses material that appears to be subject to a Privilege or Protection. The producing Party
2 shall have seven (7) days after receiving such notice to assert a Privilege or Protection over the
3 identified material. If the producing Party does not assert a claim of Privilege or Protection within the
4 seven (7)-day period, the material in question shall be deemed not privileged or protected.

5 8.3 If a producing Party has produced a document subject to a claim of Privilege or
6 Protection, upon written request by the producing Party, the document for which a claim of Privilege
7 or Protection is made shall be sequestered or destroyed to the extent reasonably practicable, and the
8 receiving Party shall not use the document for any purpose other than in connection with analyzing
9 or disputing a claim of Privilege or Protection or in connection with a motion to compel the production
10 of the document.

11 8.4 The receiving Party sequestering or destroying such material may then move the Court
12 for an order compelling production of the material. The applicable producing Party bears the burden
13 of establishing the applicable Privilege or Protection of any clawed-back document or information as
14 and to the same extent that it would have borne such burden had it not produced the document or
15 information. Nothing in this Protective Order shall limit the Court's right or any receiving Party's
16 right to request an in camera review of any information subject to a claim of Privilege or Protection.

17
18 ###
19
20
21
22

23
24 Date: June 3, 2024


Scott C. Clarkson
United States Bankruptcy Judge

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT "A"

1 Christopher B. Ghio (State Bar No. 259094)
Christopher Celentino (State Bar No. 131688)
2 Yosina M. Lissebeck (State Bar No. 201654)
DINSMORE & SHOHL LLP
3 655 West Broadway, Suite 800
San Diego, CA 92101
4 Telephone: 619.400.0500
Facsimile: 619.400.0501
5 christopher.ghio@dinsmore.com
christopher.celentino@dinsmore.com
6 yosina.lissebeck@dinsmore.com

7 Sarah S. Mattingly (Ky. Bar 94257)
DINSMORE & SHOHL, LLP
8 101 S. Fifth Street, Suite 2500
Louisville, KY 40202
9 Telephone: 859-425-1096
Facsimile: 502-585-2207
10 Sarah.mattingly@dinsmore.com
(Admitted pro hac vice)

11 Special Counsel to Richard A. Marshack,
12 Chapter 11 Trustee

13
14
15 **UNITED STATES BANKRUPTCY COURT**
16 **CENTRAL DISTRICT OF CALIFORNIA**

17
18 In Re

19
20 The Litigation Practice Group P.C.,
21 Debtor(s),

Case No. 8:23-BK-10571-SC

Chapter 11

**EXHIBIT A TO STIPULATED
ORDER**

Date: May 23, 2024

Time: 1:30 p.m.

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C¹ - Via Zoom
411 W. Fourth Street
Santa Ana, CA 92701

22
23
24
25
26
27
28 ¹ Video and audio connection information for each hearing will be provided on Judge Clarkson's
publicly posted hearing calendar, which may be viewed online at:
<http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>.

1 This is to certify that:

2 (a) I am being given access to Confidential Information pursuant to the
3 Stipulated Protective Order that was entered into the main bankruptcy case for
4 Litigation Practice Group, but which is binding and controlling as set forth by the
5 Court's Order on any and all contested matters and any and all litigation commenced
6 by Trustee;

7 (b) I have read the Stipulated Protective Order; and

8 (c) I agree to be bound by the terms and conditions thereof, including,
9 without limitation, to the obligations regarding the use, non-disclosure and return of
10 such Confidential Information. I further agree that in addition to being contractually
11 bound by the Stipulated Protective Order, I am subject to the jurisdiction of the above
12 reference Court for any violation thereof.

13
14 Date: _____

15
16 _____
Signature

17
18 _____
Printed Name

EXHIBIT 2

Date	Account	Name	Amount	90 Day Transfer	Post-Petition Transfer
12/9/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$4,600.00	N	N
12/9/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,400.00	N	N
12/9/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,280.00	N	N
12/9/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	N	N
12/19/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$13,500.00	Y	N
12/21/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,400.00	Y	N
12/21/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$450.00	Y	N
12/22/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$18,950.00	Y	N
12/27/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$800.00	Y	N

Date	Account	Name	Amount	90 Day Transfer	Post-Petition Transfer
12/28/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	Y	N
12/28/2022	Spot On Acct No. #7662	Legacy Financial Strategies	\$11,200.00	Y	N
12/29/22	Spot On Acct No. #7662	Legacy Financial Strategies	\$500.00	Y	N
12/30/22	Spot On Acct No. #7662	Legacy Financial Strategies	\$15,300.00	Y	N
1/4/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,170.00	Y	N
1/6/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$920.00	Y	N
1/9/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,400.00	Y	N
1/11/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$1,300.00	Y	N
1/12/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,000.00	Y	N
1/20/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$450.00	Y	N

1/20/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,400.00	Y	N
1/26/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$11,200.00	Y	N
1/26/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	Y	N
2/1/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$500.00	Y	N
2/2/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	Y	N
2/3/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,170.00	Y	N
2/8/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$920.00	Y	N
2/10/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$1,300.00	Y	N
2/13/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$3,000.00	Y	N
2/16/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,700.00	Y	N

2/22/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,850.00	Y	N
02/27/23	Spot On Acct No. #7662	Legacy Financial Strategies	\$11,350.00	Y	N
3/1/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$500.00	Y	N
3/2/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	Y	N
3/2/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$300.00	Y	N
3/6/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,170.00	Y	N
3/8/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$920.00	Y	N
3/13/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$1,300.00	Y	N
3/13/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$850.00	Y	N
3/23/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$450.00	N	Y

03/23/23	Spot On Acct No. #7662	Legacy Financial Strategies	\$2,400.00	N	Y
3/27/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$500.00	N	Y
3/29/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$150.00	N	Y
3/29/2023	Spot On Acct No. #7662	Legacy Financial Strategies	\$11,200.00	N	Y
		Total	\$141,500.00		

Date	Account	Name	Amount	90 Day Transfer	Post-Petition Transfer
10/20/22	Spot On Acct No. #7662	Salvador Robles	\$3,500.00	N	N
10/25/22	Spot On Acct No. #7662	Salvador Robles	\$4,575.19	N	N
10/26/22	Spot On Acct No. #7662	Salvador Robles	\$800.00	N	N
11/3/2022	Spot On Acct No. #7662	Salvador Robles	\$850.00	N	N
11/9/2022	Spot On Acct No. #7662	Salvador Robles	\$2,400.00	N	N
11/14/2022	Spot On Acct No. #7662	Salvador Robles	\$4,800.00	N	N
11/18/2022	Spot On Acct No. #7662	Salvador Robles	\$1,140.00	N	N
11/25/2022	Spot On Acct No. #7662	Salvador Robles	\$800.00	N	N
11/29/2022	Spot On Acct No. #7662	Salvador Robles	\$1,500.00	N	N

12/6/2022	Spot On Acct No. #7662	Salvador Robles	\$2,500.00	N	N
1/26/2023	Spot On Acct No. #7662	Salvador Robles	\$800.00	Y	N
2/10/2023	Spot On Acct No. #7662	Salvador Robles	\$2,400.00	Y	N
2/27/2023	Spot On Acct No. #7662	Salvador Robles	\$800.00	Y	N
3/13/2023	Spot On Acct No. #7662	Salvador Robles	\$2,400.00	Y	N
3/28/2023	Spot On Acct No. #7662	Salvador Robles	\$800.00	N	Y
		Total	\$30,065.19		

Adversary Cover Sheet

B1040 (FORM 1040) (12/24)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS Richard A. Marshack, Trustee of the LPG Liquidation Trust	DEFENDANTS Legacy Financial Strategies & Insurance Services, Inc., a California corporation; Salvador Robles, a California resident	
ATTORNEYS (Firm Name, Address, and Telephone No.) Yosina M. Lissebeck (SBN 201654) Tyler Powell (Ky. Bar No. 90520) (<i>Admitted pro hac vice</i>) DINSMORE & SHOHL LLP 655 West Broadway, Suite 800 San Diego, CA 92101 Telephone (619) 400-0500 yosina.lissebeck@dinsmore.com tyler.powell@dinsmore.com	ATTORNEYS (If Known)	
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input checked="" type="checkbox"/> Trustee	PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) (1) Avoidance, Recovery, and Preservation of Transfers Made Within the Ninety Day Period Before the Petition Date; (2) Avoidance, Recovery, and Preservation of Post-Petition Transfers; (3) Avoidance, Recovery, and Preservation of Transfers Made With Intent to Defraud; (4) Avoidance, Preservation, and Recovery of Constructively Fraudulent Two-Year Transfers; (5) Avoidance, Preservation, and Recovery of Transfers Within Four Years ; and (6) Avoidance, Recovery, and Preservation of Transfers Made Within Four Years		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(a) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(b) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(c) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(d) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(e) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(f) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny <div style="text-align: right;">(continued next column)</div>	FRBP 7001(f) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(g) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief- imposition of stay <input type="checkbox"/> 72-Injunctive relief - other FRBP 7001(h) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(i) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(j) Determination of Removed Action <input type="checkbox"/> 01-Determination of remove d claim or cause Other <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> <input checked="" type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
<input type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$ 171,565.19	
Other Relief Sought		

B1040 (FORM 1040) (12/24)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR The Litigation Practice Group P.C.		BANKRUPTCY CASE NO. 8:23-bk-10571-SC
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Santa Ana	NAME OF JUDGE Scott C. Clarkson
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) /s/ Tyler Powell		
DATE March 19, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Yosina M. Lissebeck Tyler Powell (admitted pro hac vice) Special Counsel to Richard A. Marshack, Trustee of the LPG Liquidation Trust	

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.